

How Labor Market Tightness and Job Search Activity Changed in the First Year of COVID-19: Evidence from an Indian Job Portal

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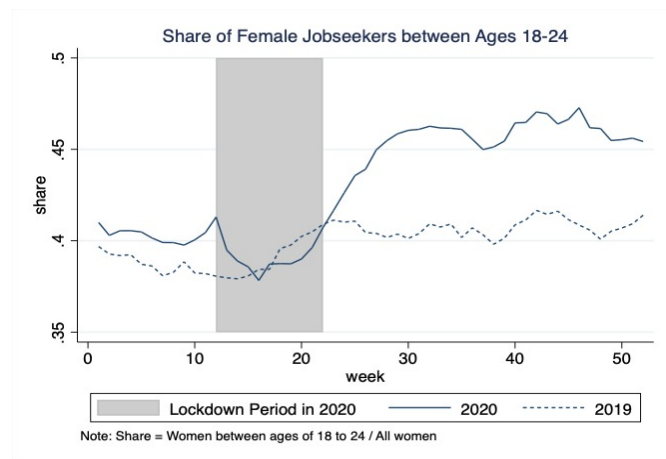
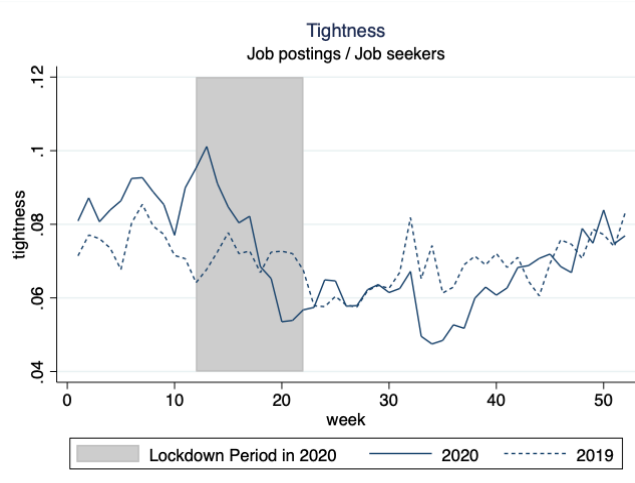


Labor market tightness lowered and job search activity, particularly by young women, increased on a low-wage Indian job portal in the first year of COVID-19.

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Topic at a Glance

The COVID-19 pandemic wreaked havoc on the livelihoods of millions of people around the world. In India, the pandemic came at the heels of an already weak labor market with increasing unemployment rates, particularly among the youth. To manage the early stages of the pandemic, the government instituted a severe national lockdown from March to May 2020. To understand labor market impacts in the first year of COVID-19, we use rich administrative data on search and recruitment from a low-wage online job portal. We observe two years—2019 and 2020—of all employer and job seeker activity on the portal. This allows us to compare trends in 2020 with 2019, accounting for seasonality in labor market activity. Consistent with survey-based evidence documented by the State of Working India 2021, the observed labor market activity on the portal suggests an incomplete recovery after the national lockdown and worsening labor market conditions by the end of 2020.



New Insights

- There is a massive decline in posted vacancies during the national lockdown and these numbers only partially recover after the lockdown ends. In the initial few weeks of the lockdown period, the number of new vacancies declined by 60%. While the average number of new postings in the first two months of 2020 is roughly 26,600 per week, these numbers went down to about 10,000 per week in the initial few weeks of the national lockdown. A bounce-back in the number of newly posted vacancies is observed right at the end of the lockdown; however, we do not see a recovery to the pre-pandemic period. Even a few months after the lockdown has lifted, job postings are about 20% lower relative to the first two months of 2020.

- In contrast to vacancies, the number of job seekers increases after the lockdown is lifted. We observe 'active' job seekers, i.e. those who have applied to at least one job on the portal. Before the pandemic, there were roughly 300,000 active job seekers per week. This number increases to approximately 350,000 once the lockdown ends and remains at this level until October 2020. This increase suggests that many labor market separations occurred during the lockdowns.

- Labor market tightness declines and remains lower than pre-pandemic levels. In the first two months of 2020, there were 0.086 job postings for every job seeker. This goes down to 0.054 by the 20th

week of the year and remains lower than pre-pandemic levels for the remainder of 2020. Overall, these aggregate trends suggest an incomplete recovery after the national lockdowns were eased.

- The minimum salaries offered for full-time jobs is also substantially lower after March 2020. Salary data is available for all vacancies on the portal. Before the pandemic, full-time jobs on the portal offered a minimum salary of approximately Rs. 18,700. During the lockdown, the wages offered were nearly Rs. 2,000 lower and, more significantly, the average for the remainder of the year after the lockdown is lifted was approximately Rs. 16,800. These lower salaries could reflect changes in the composition of jobs being advertised or employer beliefs that the poor labor market situation will lead job seekers to be willing to work for lower salaries. In either case, job seekers see worse-paying jobs than they did before the pandemic.

- The share of young women applying to jobs is significantly higher once the lockdown is lifted. We observe demographic attributes for job seekers on the portal: sex (55-65% of the sample), age (40-45%), and education (60%). Once the lockdown is lifted, both men and women apply to jobs in higher numbers, an increase of roughly 5-6% relative to pre-pandemic levels. The composition of applicants however varies by gender and age. Among women, the overall increase is primarily driven by young women: The share of young women (aged 18 to 24) applying to jobs increases from 40% in the first two months of 2020 to 45% for the last six months of 2020. In contrast, among men, the increase in search activity occurs across all age levels, and, if anything, is larger for older men (aged 35 and above). The differential increase in search activity for young women could reflect worsening educational opportunities or greater impacts on job loss due to the pandemic.

largely covers occupations in the retail and services sectors, rather than manufacturing or construction, which are also important sectors for urban employment. Third, we do not attempt to distinguish between the impacts of the lockdown and the ongoing pandemic, but rather focus on describing conditions in the first year of the pandemic. And, as a final limitation, we recommend caution in extrapolating from portal activity to aggregate labor market trends. It is possible that the differences we capture in portal activity before and after COVID-19 can be simply explained by differential selection onto and off the portal. To our knowledge however, the portal did not substantially change its operations or algorithms during the two-year period covered by the data, and so it is unlikely that the impacts we observe can be fully explained by the selection margin alone.

Read more → g2lm-lic.iza.org/projects/covid-19/what-can-online-vacancies-tell-us-about-labor-market-conditions-in-lower-income-countries-evidence-from-india/

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Policy Recommendations

Our analysis shows limited labor market recovery after the lifting of the 2020 national lockdown in India. The number, as well as the quality of jobs, appears to have greatly declined for the second half of 2020. Government policy will therefore need to address multiple challenges, suggesting a need for thoughtful and creative policy experimentation to understand which programs and services may be particularly useful in supporting livelihoods and educational opportunities and encouraging broad-based labor market recovery.

Limitations

We highlight some key limitations of this data and our findings. First, the portal does not provide information on rural labour markets as its usage is more prevalent in urban areas. Second, the portal